

Finance (PF.I) Department

The Energy Department are informed that Finance Department agreed to release the Tariff Subsidy for the month of February, 2011 to an extent of `304.40 crores, subject to recovery of plough back dues of `25.11 crores. Copy of the BRO issued vide G.O.Rt.No.641 dated 07-03-2011 is placed below for taking further action.

(This has got the approval of the Secretary (IF), Finance)

A.S (PF)

Energy Department

The proposal in the file relates to release an amount of `304.42 Crs (304,41,72,000) towards Tariff subsidy (i.e., March, 2011) to A.P Transco.

It is submitted that as per the APERC Tariff order the tariff subsidy for the year 2010-11 is `3652.81 Crores. The Energy dept. has requested to release the tariff subsidy at the rate of `.304.40 crores per month (3652.81/12).

In this connection, it is submitted that the tariff subsidy for the months of April 2010 to February 2011 was released to APTRANSCO to the extent of `.3348.40 crores (`.304.40 crores per month), and balance to be released for March, 2011 is `304.42 crores (`304,41,72,000)

It is also submitted that in BE 2010-11 an amount of `.4500 crore is provided under Power Subsidy on ad-hoc basis. Out of this, an amount of `.292.04 crores was released towards arrears of tariff subsidy during **2009-10** due to non-drawl of the amount in the fag end of the financial year and an amount of `.5.96 crores was released towards interest on the application money on the power bonds mobilized by the APPFC Ltd. Further, the tariff subsidy was also released for the months of April to February 2011. The following are the releases to APTRANSCO towards Tariff subsidy for 2010-11:

(`. Crores)

1. Budget Provision 2010-11	4500.00	Provision made on ad-hoc basis.
2. Tariff subsidy as per APERC	3652.81	
3. So far released (up to February 2011)	3348.40	`.304.40 crores Per month.
4. Balance to be released	304.42	(3652.81-3348.40)
5.release of subsidy for March 2011 (now proposed)	304.42	As per the recommendations of APERC.

It is also submitted that as per the statement furnished by the Department, the plough back dues (Revised details of dues payable by APGENCO for the F.Y.2010-11) for the year 2010-11 are `.295.74 crores. The plough back dues for the month of March 2011 are `25.73 crores (`.2573.06 lakhs).

As per the Electricity Act 2003, the subsidy for every month shall be paid in advance to the APTRANSCO. But, in practice, the

subsidy for the proposed month was paid in the subsequent month. However, as the Financial Year coming to close, it is proposed to release the subsidy for the month of March-2011.

In view of the above, it is submitted for orders whether the balance amount of `304,41,72,000 crores, tariff subsidy for the month of March 2011 may be released to APTRANSCO subject to recovery of plough back dues of `25.73 crores.

Subject to orders, a draft BRO ` 304.42 (304,41,72,000) crores for the month of March 2011 is put up below for approval.

vide BRO G.O. Rt. No.2751, dated 3-6-2010 and the Energy Department issued administrative sanction orders vide G.O.Rt.No.72, dated 4-6-2010 releasing the amount of Rs.290.51 crores on ad-hoc basis pending receipt of the tariff orders from APERC and subject to recovery of plough back dues of Rs.23.5962 crores.

It is also submitted that in BE 2010-11 an amount of Rs.4500 crore is provided under Power Subsidy on ad-hoc basis. Out of this, an amount of Rs.292.04 crores was released towards arrears of tariff subsidy during 2009-10 due to non-drawl of the amount in the fag end of the financial year. The following are the releases to APTRANSCO:

(Rs. Crores)			
1. Budget Provision 2010-11	4500.00	Provision made on ad-hoc basis.	
2. So far released (upto April 2010)	582.55	Rs.292.04 crores towards arrears of tariff subsidy during 2009-10 and tariff subsidy of Rs.290.51 cr. for April 2010	
3. Balance available	3917.45		
4. Release of tariff subsidy for the month of May 2010 (now proposed)	290.51		

It is also submitted that as per the statement furnished by the Department, the plough back dues for the year 2010-11 are Rs.290.74 crores and the Energy Department has already issued orders for recovery of plough back dues of Rs.23.60 crores for the month of April 2010. The plough back dues for the month of May 2010 is Rs.23.93 crores.

As per the Electricity Act 2003, the subsidy for every month shall be paid in advance to the APTRANSCO. But, in

practice, the subsidy for the proposed month was paid in the subsequent month.

In view of the above, an amount of Rs.290.51 crores may be released to APTRANSCO towards tariff subsidy for May 2010 on ad-hoc basis pending receipt of the tariff orders from APERC and subject to recovery of plough back dues of Rs.23.93 crores.

Subject to orders, a draft BRO is put up below for approval.

Please see the notes of Energy Department at paras 72-80 on m.n.f.

The proposal in the file relates to release of tariff subsidy to APTRANSCO / APPCC for the month of April 2010 during the financial year 2010-11.

It is submitted that the Energy Department vide letter dated 23-3-2010 directed the Hon'ble APERC to continue the tariff of financial year 2009-10 for four months w.e.f. April 2010 or till Tariff Order is issued by the Hon'ble Commission for 2010-11 whichever is earlier. Further, Government have decided to grant the subsidy of Rs.1162.05 crores for the said period on provisional basis at the same level of subsidy as was released during 2009-10, as required under Section 65 of Electricity Act 2003. Accordingly, the APERC issued interim orders vide Proc. No.Secy/01/2010, dated 25-3-2010 stating that the retail supply tariff determined by the Commission for FY 2009-10 will continue to apply on provisional basis for the first four months of financial year 2010-11 or till the tariff order for financial year 2010-11 is made effective, whichever is earlier.

As per the above orders, the Energy Department sent the file with a request to release the tariff subsidy of Rs.290.5125 crore for the month of April 2010 and issue of BRO.

In this connection it is submitted that earlier, this Department agreed to continue the existing practice for release of tariff subsidy pending receipt of tariff order from the Hon'ble APERC. Further, in BE 2010-11, an amount of Rs.4500 crore is provided under Power Subsidy on ad-hoc basis in this regard. From this provision, an amount of Rs.292.04 crores was

already released towards arrear tariff subsidy during 2009-10 due to non-drawl of the amount in the fag end of the financial year.

As per the Electricity Act 2003, the subsidy for every month shall be paid in advance to the APTRANSCO. But, in practice, the subsidy for the proposed month was paid in the subsequent month.

In view of the above, an amount of Rs.290.51 crores may be released to APTRANSCO towards tariff subsidy for April 2010 on ad-hoc basis pending receipt of the tariff orders from APERC.

Subject to orders, a draft BRO is put up below for approval.